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Illinois Department of Insurance Highlights Important Benefits of Health Reform to Take Effect September 23

New health insurance protections eliminate lifetime caps, pre-existing condition denials

CHICAGO—September 21, 2010. The Illinois Department of Insurance is reminding Illinois families and employers that significant new health insurance benefits and protections become effective September 23, 2010. The changes—a result of the Patient Protection and Affordable Care Act (the “Act”) signed by President Obama on March 23, 2010—will improve the accessibility, transparency and value of health insurance products in Illinois.

“September 23 is a milestone day for the countless Illinois families who have long suffered from coverage and claim denials, unjustified rescissions, and inadequate health insurance coverage,” said Michael T. McRaith, Director of the Illinois Department of Insurance. “Contrary to misinformed rhetoric, the patient protections are not responsible for unreasonable premium increases currently foisted on many Illinois families and employers but, rather, underscore the many improved insurer business practices the Act requires.”

The changes that take effect September 23 include:

- **Ban on pre-existing condition denials for children under 19.** Health insurers have been able to deny coverage to individuals for any reason other than a person’s “race, color, religion, or national origin.” In 2009, one healthy mother was denied coverage because she sought grief counseling after the death of her husband.
 - *Beginning September 23, 2010:* For children under age 19, health insurers and employer plans will be prohibited from denying coverage based on a pre-existing condition, and from denying claims for the treatment of pre-existing conditions.
- **Protection from unfair cancellations.** Health insurers have been allowed to “rescind,” or cancel retroactively, a health insurance policy at any point within the first 2 years, even for unintentional mistakes on the application. By pure volume, Illinois has far more rescissions than any state in the United States and, per capita, is second only to New Mexico. One teenager’s dependent coverage was rescinded due to failure to disclose that she had a “congenital deformity”: braces.

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- *Beginning September 23, 2010:* Health insurers and employer plans will be prohibited from rescinding policies except in cases of fraud or intentional misrepresentation.
- **Elimination of lifetime caps and phasing out of annual caps.** A non-HMO plan has been permitted to set annual or lifetime dollar limits for covered benefits. Individuals with medical conditions requiring expensive or ongoing treatment often incur significant out-of-pocket medical bills—or stop getting treatment—after reaching an annual or lifetime limit.
 - *Beginning September 23, 2010:* Health insurers and employer plans will be prohibited from setting lifetime dollar limits (except for specific benefits, such as dental coverage for adults, that are not considered “essential benefits” under the Act), and must phase out the use of annual dollar limits before 2014.
- **Free preventive care.** Many preventive care benefits have not been covered by a health insurance policy, or have been subject to significant deductibles, co-pays or co-insurance amounts.
 - *Beginning September 23, 2010:* Health insurers and employer plans will be required to provide first-dollar coverage for a defined list of preventive health services. In other words, plans will be required to include wellness and prevention benefits such as immunizations and screenings, without cost to the policyholder, when the services are provided by in-network providers.
- **Independent review of claim denials.** Effective July 1, 2010, State law provides Illinoisans with health insurance the right to an external, independent review of claims denied by health insurers. The law does not apply to “self-insured” plans typically provided by large employers or through unions.
 - *Beginning September 23, 2010:* All health insurers and employer plans, including self-insured plans, must provide internal appeals procedures and allow for the external, independent review of denied claims. In Illinois, self-insured employer plans may utilize the external independent review process established by State law. The list of Independent Review Organizations approved by the Department of Insurance is available on the Department’s website at insurance.illinois.gov/EIRO/eirolist.asp.
- **Improved access to care for women.** Illinois law allows women to designate a “woman’s principal health care provider,” or a provider specializing in obstetrics or gynecology (OB-GYN) whom the woman may visit without the need for a referral.
 - *Beginning September 23, 2010:* Health insurers and employer plans providing obstetrical or gynecological coverage must allow women to visit *any* in-network OB-GYN without the need for authorization or referral.

The reforms above take effect for “plan years” beginning on or after September 23, 2010. A new plan issued on September 23, for example, would have to immediately comply with the Act’s requirements. For a person covered by an employer-based plan that renews every year on January 1, for example, the reforms will take effect January 1, 2011. For an individual purchasing a policy on her own in the individual market, the plan year may begin on the anniversary date of when she bought the plan, the date that the plan begins calculating annual expenses to meet a deductible, or the beginning of the calendar year.

For a more comprehensive and detailed chart comparing current Illinois law with the reforms effective September 23, please see the Department's fact sheet available online at insurance.illinois.gov/HIRIC.

The Department's Health Insurance Reform Information Center also provides information about other important reforms and programs established by the Act, including the federally-funded pool for uninsured individuals with pre-existing conditions known as the Illinois Pre-Existing Condition Insurance Plan, or IPXP.

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowner. Consumers in need of information or assistance should visit the Department's Web site at www.illinois.insurance.gov or call our toll-free hotline at (877) 527-9431.

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